

CHRISTOPHER J. DODD, CONNECTICUT, CHAIRMAN

TIM JOHNSON, SOUTH DAKOTA  
JACK REED, RHODE ISLAND  
CHARLES E. SCHUMER, NEW YORK  
EVAN BAYH, INDIANA  
THOMAS R. CARPER, DELAWARE  
ROBERT MENENDEZ, NEW JERSEY  
DANIEL K. AKAKA, HAWAII  
SHERROD BROWN, OHIO  
ROBERT P. CASEY, JR., PENNSYLVANIA  
JON TESTER, MONTANA

RICHARD C. SHELBY, ALABAMA  
ROBERT F. BENNETT, UTAH  
WAYNE ALLARD, COLORADO  
MICHAEL B. ENZI, WYOMING  
CHUCK HAGEL, NEBRASKA  
JIM BUNNING, KENTUCKY  
MICHAEL CRAPO, IDAHO  
JOHN E. SUNUNU, NEW HAMPSHIRE  
ELIZABETH DOLE, NORTH CAROLINA  
MEL MARTINEZ, FLORIDA

SHAWN MAHER, STAFF DIRECTOR  
WILLIAM D. DUHNKE, REPUBLICAN STAFF DIRECTOR AND COUNSEL

## United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

May 31, 2007

The Honorable Christopher Cox  
Chairman  
United States Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Dear Chairman Cox:

I am writing to inquire about ongoing operations of the Office of Global Security Risk within the Division of Corporation Finance at the Securities and Exchange Commission. This office was established in accordance with the Fiscal Year 2004 Consolidated Appropriations Act, Public Law 108-199, to perform several important tasks including:

- (1) establishing a process by which the SEC identifies all companies on U.S. exchanges operating in State Department-designated terrorist-sponsoring states;
- (2) ensuring that all companies sold on U.S. exchanges operating in State Department-designated terrorist-sponsoring states are disclosing such activities to investors;
- (3) implementing enhanced disclosure requirements based on the asymmetric nature of the risk to corporate share value and reputation stemming from business interests in these higher risk countries;
- (4) coordinating with other government agencies to ensure the sharing of relevant information across the Federal government; and
- (5) initiating a global dialogue to ensure that foreign corporations whose shares are traded in the United States are properly disclosing their activities in State Department-designated terrorist-sponsoring states to American investors.

I believe that these missions are important for protecting American investors from unwittingly providing support to sponsors of terrorism or human rights abuses. As Congress noted four years ago in House Report 108-221, an "association with sponsors of terrorism and human rights abuses, no matter how large or small, can have a material adverse effect on a public company's operations, financial condition, earnings, and stock prices, all of which can negatively affect the value of an investment." Moreover, there are obvious national security implications to American investors unknowingly promoting terrorist states through certain key investments.

I understand that the SEC's efforts have long been underway to outfit the Office of Global Security Risk fully with adequate staff and resources. But I remain concerned about the pace at which such efforts have been pursued. It is critically important that the intent of

Congress be fully followed as soon as possible, particularly given the importance of this office's missions to promoting human rights, U.S. security interests, and investor knowledge.

I remain particularly concerned about the ability of shareholders to access reliable information regarding publicly traded companies' business transactions involving Iran and Sudan. I respectfully urge you to ensure that the Office of Global Security Risk and other agencies within the SEC comply with the legislative mandate and make appropriate disclosures readily available to Congress and the American public. Please inform me of the Commission's progress towards these ends in light of pressing current events— from Iranian WMD proliferation and terrorism sponsorship to Sudanese sponsorship of genocide in Darfur.

I know that you share my great interest in these issues and appreciate your prompt response.

Sincerely,

A handwritten signature in dark ink, appearing to read "Chris", written over the word "Sincerely,".

CHRISTOPHER J. DODD  
Chairman